

## Message Text

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12

ACTION NEA-12

INFO OCT-01 ADP-00 EB-11 COME-00 TRSY-11 OMB-01 OPIC-12

AID-20 CIAE-00 INR-10 NSAE-00 RSC-01 SSO-00 INRE-00

RSR-01 /080 W

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O 120812 Z APR 73

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC IMMEDIATE 3742

C O N F I D E N T I A L NEW DELHI 4250

E. O. 11652: GDS

TAGS: BGEN, IN

SUBJ: WESTINGHOUSE SUPERALLOY PLANT SALE

REF: STATE 67498

SUMMARY. AS INSTRUCTED, COMMERCIAL COUNSELOR CONTACTED WESTINGHOUSE TRADING CO ( ASIA) LTD THIS MORNING. J. W. WIGERT OF WESTINGHOUSE, USA, AND JAN DROBOT OF WESTINGHOUSE, NEW DELHI, MET WITH COMMERCIAL COUNSELOR AND PROVIDED FOLLOWING DETAILS. ACTION REQUESTED: NONE. END SUMMARY

1. WIGERT AND DROBOT WZIE INFORMED BY HERETOFORE HIGHLY RELIABLE, SENIOR GOI MINISTRY OF DEFENSE OFFICIAL, WHO IS FULLY FAMILIAR WITH THE SUPERALLOYS PLANT NEGOTIATIONS THAT THE MINISTRY OF DEFENSE RECOMMENDATION TO BUY THE WESTINGHOUSE PLANT HAS BEEN CONTESTED, TEMPORARILY AT LEAST, BY A COUNTER- PROPOSAL SUBMITTED BY A FRENCH COMPETITIVE FIRM CREUSOT- LOIRE. ACCORDING TO THE SOURCE, THE GOI MINISTRY OF FINANCE HAS BEEN GIVING SOME CONSIDERATION TO THE FRENCH FIRM' S PROPOSAL BECAUSE IT INVOLVES LONGER- TERM AND EASIER PAYMENT TERMS. THE CREUSOT- LOIRE OFFER WILL RESULT IN \$10 MILLION HIGHER COST VERSUS WESTINGHOUSE' S PRICE. THE TOTAL WESTINGHOUSE PACKAGE OF \$6,550,00 ALSO

INCLUDES \$3,550,000 FOR TECHNICAL ASSISTANCE AND \$3,000,000 FOR EQUIPMENT.

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2. WESTINGHOUSE HAS BEEN INFORMED THAT THE GOI ANTICIPATES SERIOUS FOREIGN EXCHANGE DIFFICULTIES OVER THE NEXT TWO YEARS. THE GOI IS THEREFORE GIVING CONSIDERATION TO THE FRENCH OFFER, EVEN THOUGH IT IS ADMITTEDLY MORE EXPENSIVE, SIMPLY BECAUSE OF MORE FAVORABLE DEFERRED PAYMENT ADVANTAGES. WESTINGHOUSE HAS BEEN ADVISED TO MODIFY ITS TERMS AND MAKE THEM MORE ATTRACTIVE AND MORE COMPETITIVE BY EXTENDING THE BULK OF PAYMENT OVER A FOUR- FIVE YEAR PERIOD.

3. WESTINGHOUSE IS FULLY AWARE OF THE GOI PROPENSITY TO USE MARKET PLACE BARGAINING TACTICS. WESTINGHOUSE, HOWEVER, IS SERIOUSLY DISTURBED BY A CONFIDENTIAL REPORT THAT ONE SENIOR SCIENTIFIC ADVISOR TO THE GOI MINISTRY OF DEFENSE, DR R. V. TAMHANKAR IS REPUTED TO BE " THE FRENCH CONNECTION" AND ALLEGEDLY HAS PERSONAL FINANCIAL INTERESTS. THE FRENCH EMBASSY HAS A REPUTATION FOR CONDONING IF NOT ACTUALLY ENCOURAGING UNETHICAL TACTICS IN INDIA, SO THE ALLEGATION CAN VERY WELL BE TRUE.

4. WIGERT AND DROBOT WILL KEEP IN CLOSE TOUCH WITH THE COMMERCIAL COUNSELOR. THE EMBASSY WILL, OF COURSE, PROVIDE WHATEVER ASSISTANCE IT CAN LEGITIMATELY EXTEND IF WESTINGHOUSE FEELS THIS WOULD BE HELPFUL. IN THE INTERIM, THE EMBASSY HAS OFFERED TO TRANSMIT A TELEGRAM THROUGH ITS FACILITIES TO WESTINGHOUSE WASHINGTON, AS THE LOCAL TELEPHONIC AND TELEGRAPHIC COMMUNICATIONS ARE MONITORED.

WE WILL REPORT FURTHER DEVELOPMENTS AS THEY EVOLVE.  
MOYNIHAN

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* CONFIDENTIAL

## Message Attributes

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**TAGS:** BGEN, IN  
**To:** NEA  
**SECSTATE WASHDC**  
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